

AMENDED IN SENATE JUNE 27, 2006

AMENDED IN ASSEMBLY APRIL 26, 2005

AMENDED IN ASSEMBLY APRIL 4, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 608

Introduced by Assembly Member Calderon

February 17, 2005

An act to amend ~~Sections 789.10 and~~ *Section 10127.7* of, *and to add Section 789.15* to the Insurance Code, relating to life insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 608, as amended, Calderon. Life insurance.

Existing law regulates the sale of life insurance, in particular sales to seniors, including annuities, as specified.

~~This bill would require any person who meets with seniors in the home to discuss the purchase of certain policies as specified, to deliver a notice to the senior prior to the start of the meeting and to submit the signed notice with the application for purchase of that policy.~~

This bill would provide that if a senior makes a written or telephone request for a meeting the same day to discuss the purchase of specific life insurance or annuities having an initial face amount of \$15,000 or less that are designated by the purchaser for payment of funeral and burial expenses, a notice, as specified, shall be delivered to the senior prior to the start of the meeting.

The bill would also provide that the sale of a burial or funeral policy shall not create an existing insurance relationship for the purposes of the required delivery of a specified written notice to

seniors 24 hours before meeting in their home to sell other life insurance or annuities.

Existing law provides that life insurance policies with a face value of less than \$10,000, issued after July 1, 1974, shall contain a notice permitting the return of the policy within a period of time designated in the notice, which may not be less than 10 or more than 30 days.

This bill would provide that a life insurance policy or annuity with a face value of \$15,000 or less, issued after January 1, 2006, shall contain a notice permitting the return of the policy within 30 days.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 789.10 of the Insurance Code is~~
2 ~~amended to read:~~

3 ~~789.10. (a) This section applies to the sale, offering for sale,~~
4 ~~or generation of leads for the sale of life insurance, including~~
5 ~~annuities, to senior insureds or prospective insureds by any~~
6 ~~person.~~

7 ~~(b) Any person who meets with a senior in the senior's home~~
8 ~~is required to deliver a notice in writing to the senior no less than~~
9 ~~24 hours prior to that individual's initial meeting in the senior's~~
10 ~~home. If the senior has an existing insurance relationship with an~~
11 ~~agent and requests a meeting with the agent in the senior's home~~
12 ~~the same day, a notice shall be delivered to the senior prior to the~~
13 ~~start of the meeting. Any person who meets with a senior in the~~
14 ~~senior's home, at the senior's request, to discuss the purchase of~~
15 ~~specific life insurance policies or annuities having an initial face~~
16 ~~amount of fifteen thousand dollars (\$15,000) or less that are~~
17 ~~designated by the purchaser for payment of funeral and burial~~
18 ~~expenses, shall be required to deliver a notice to the senior prior~~
19 ~~to the start of the meeting. The notice must be signed by the~~
20 ~~senior and submitted with any application if the senior purchases~~
21 ~~the policy. The notice shall be in substantially the following~~
22 ~~form, with the appropriate information inserted, in 14-point type:~~

23 ~~"(1) During this visit or a followup visit, you will be given a~~
24 ~~sales presentation on the following [indicate all that apply]:~~

25 ~~(-) Life insurance, including annuities~~

26 ~~(-) Other insurance products [specify]: _____.~~

1 ~~(2) You have the right to have other persons present at the~~
2 ~~meeting, including family members, financial advisors or~~
3 ~~attorneys.~~

4 ~~(3) You have the right to end the meeting at any time.~~

5 ~~(4) You have the right to contact the Department of Insurance~~
6 ~~for information, or to file a complaint. [The notice shall include~~
7 ~~the consumer assistance telephone numbers at the department]~~

8 ~~(5) The following individuals will be coming to your home:~~
9 ~~[list all attendees, and insurance license information, if~~
10 ~~applicable]]”~~

11 ~~(e) Upon contacting the senior in the senior’s home, the person~~
12 ~~shall, before making any statement other than a greeting, or~~
13 ~~asking the senior any other questions, state that the purpose of~~
14 ~~the contact is to talk about insurance, or to gather information for~~
15 ~~a followup visit to sell insurance, if that is the case, and state all~~
16 ~~of the following information:~~

17 ~~(1) The name and titles of all persons arriving at the senior’s~~
18 ~~home.~~

19 ~~(2) The name of the insurer represented by the person, if~~
20 ~~known.~~

21 ~~(d) Each person attending a meeting with a senior shall~~
22 ~~provide the senior with a business card or other written~~
23 ~~identification stating the person’s name, business address,~~
24 ~~telephone number, and any insurance license number.~~

25 ~~(e) The persons attending a meeting with a senior shall end all~~
26 ~~discussions and leave the home of the senior immediately after~~
27 ~~being asked to leave by the senior.~~

28 ~~(f) A person may not solicit a sale or order for the sale of an~~
29 ~~annuity or life insurance policy at the residence of a senior, in~~
30 ~~person or by telephone, by using any plan, scheme, or ruse that~~
31 ~~misrepresents the true status or mission of the contact.~~

32 *SECTION 1. Section 789.15 is added to the Insurance Code,*
33 *to read:*

34 *789.15. If a senior makes a written or telephone request for a*
35 *meeting the same day to discuss the purchase of specific life*
36 *insurance or annuities having an initial face amount of fifteen*
37 *thousand dollars (\$15,000) or less that are designated by the*
38 *purchaser for payment of funeral and burial expenses, a notice*
39 *as required by subdivision (b) of Section 789.10 shall be*
40 *delivered to the senior prior to the start of the meeting. In*

1 *addition to the requirements of Section 789.10, that notice shall*
2 *contain the following information in at least 14-point type, and*
3 *be initialed by the senior:*

4 *You have the right to cancel and return a policy or certificate*
5 *within 30 days of receipt for a full refund.*

6 *The notice must be signed by the senior and submitted with any*
7 *application if the senior purchases a policy. The agent or*
8 *insurance representative shall not be permitted to sell any other*
9 *lines of insurance or annuities that are not policies for funeral or*
10 *burial expenses. A sale of a burial or funeral policy under this*
11 *section shall not create an existing insurance relationship for*
12 *purposes of Section 789.10.*

13 SEC. 2. Section 10127.7 of the Insurance Code is amended to
14 read:

15 10127.7. Every policy of individual life insurance, or annuity
16 with an initial face value of fifteen thousand dollars (\$15,000) or
17 less, which is delivered or issued for delivery in this state on and
18 after January 1, 2006, shall have printed thereon or attached
19 thereto a notice stating that, after receipt of the policy by the
20 owner, the policy may be returned by the owner for cancellation
21 by delivering it or mailing it to the insurer or to the agent through
22 whom it was purchased. The period of time set forth by the
23 insurer for return of the policy by the insured shall be clearly
24 stated on the notice and this period shall be not less than 30 days.
25 The insured may return the policy to the insurer at any time
26 during the period specified in the notice. This delivery or mailing
27 of the policy by the owner shall void the policy from the
28 beginning, and the parties shall be in the same position as if no
29 policy or contract had been issued. All premiums paid and any
30 policy fee paid for the policy shall be refunded to the owner.

31 This section applies to all policies issued on or after January 1,
32 2006, and applies to any renewal thereof. All policies subject to
33 this section which are in effect on January 1, 2006, shall be
34 construed to be in compliance with this section, and any
35 provision in a policy which is in conflict with this section shall
36 be of no force or effect.

37 This section does not apply to individual life insurance policies
38 issued in connection with a credit transaction or issued under a

- 1 contractual policy change or conversion privilege provision
- 2 contained in a policy.

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